Supreme Court, U.S.
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No. _____

IN THE

Supreme Court Of The United States

October Term 1994

CONSERVOLITE, INC.,

Petitioner,

v.

DON F. WIDMAYER,

Respondent.

Petition For Writ Of Certiorari To The Court Of Appeals For The Federal Circuit

PETITION FOR WRIT OF CERTIORARI

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QUESTIONS PRESENTED

1. May a federal Court of Appeals raise an issue *sua sponte* that results in a taking of intellectual property from its owner and then dispose of the case on that issue without giving the parties a chance to be heard on that issue?

2. Does a party before a federal Court of Appeals have a procedural due process right to:

a) have a fair opportunity to be heard on an issue that will deprive a litigant of his patents and have those patent rights converted to the free use of others while prohibiting the owner from using his own invention?

b) have notice of the issue on which the Court of Appeals will dispose of the case?

c) have a fair opportunity to be heard on the issue on which the Court of Appeals will dispose of the case?

STATEMENT PURSUANT TO SUPREME COURT RULE 29.1

Conservolite, Inc., is a subsidiary of Traco, Inc., of Pennsylvania, which has no direct financial interest in the outcome of this litigation.

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CONSTITUTIONAL AND STATUTORY PROVISIONS AT ISSUE

1. U.S. Const. Amendment V. No person shall be held to answer for a capital, or otherwise infamous crime, unless on a presentment or indictment of a Grand Jury, except in cases arising in the land or naval forces, or in the Militia, when in actual service in time of War or public danger; nor shall any person be subject for the same offence to be twice put in jeopardy of life or limb; nor shall be compelled in any criminal case to be witness against himself; nor be deprived of life, liberty, or property, without due process of law; nor shall private property be taken for public use, without just compensation.

2. 28 U.S.C. § 1291. The court of appeals (other than the United State Court of Appeals for the Federal Circuit) shall have jurisdiction of appeals from all final decisions of the district courts of the United States, the United States District Court for the District of the Canal Zone, the District Court of Guam, and the District Court of the Virgin Islands, except where a direct review may be had in the Supreme Court. The jurisdiction of the United States Court of Appeals for the Federal Circuit shall be limited to the jurisdiction described in sections 1292(c) and (d) and 1295 of this title.

3. 28 U.S.C. § 1294. Except as provided in sections 1292(c); 1292(d), and 1295 of this title, appeals from reviewable decisions of the district and territorial courts shall be taken to the courts of appeals as follows:

(1) From a district court of the United States to the court of appeals for the circuit embracing the district;

(2) From the United States District Court for the District of the Canal Zone, to the Court of Appeals for the Fifth Circuit;

(3) From the District Court of the Virgin Islands, to the Court of Appeals for the Third Circuit;

(4) From the District Court of Guam, to the Court of Appeals for the Ninth Circuit.

4. 28 U.S.C. § 1295. See Appendix, p. A-41

5. 35 U.S.C. § 146. Any party to an interference dissatisfied with the decision of the Board of Patent Appeals and Interferences on the interference, may have remedy by civil action, if commenced with such time after such decision, not less than sixty days, as the Commissioner appoints or as provided in section 141 of this title, unless he has appealed to the United States Court of Appeals for the Federal Circuit, and such appeal is pending or has been decided. In such suits the record in the Patent and Trademark Office shall be admitted on motion of either party upon the terms and conditions as to costs, expenses, and the further cross-examination of the witnesses as the court imposes, without prejudice to the right of the parties to take further testimony. The testimony and exhibits of the record in the Patent and Trademark Office when admitted shall have the same effect as if originally taken and produced in the suit.

Such suit may be instituted against the party in interest as shown by the records of the Patent and Trademark Office at the time of the decision complained of, but any party in interest may become a party to the action. If there be adverse parties residing in a plurality of districts not embraced within the same state, or an adverse party residing in a foreign country, the United States District Court for the District of Columbia shall have jurisdiction and may issue summons against the adverse parties directed to the marshal of any district in which any adverse party resides. Summons against adverse parties residing in foreign countries may be served by publication or otherwise as the court directs. The Commissioner shall not be a necessary party but he shall be notified of the filing of the suit by the clerk of the court in which it is filed and shall have the right to intervene. Judgment of the court in favor of the right of an applicant to a patent shall

authorize the Commissioner to issue such patent on the filing in the Patent and Trademark Office of a certified copy of the judgment and on compliance with the requirements of law.

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PETITION FOR WRIT OF CERTIORARI

Petitioner Conservolite respectfully petitions this Court to issue a writ of certiorari to review the judgment of the United States Court of Appeals for the Federal Circuit ("Federal Circuit") in this case.

OPINIONS DELIVERED BY LOWER COURTS AND AGENCIES

The decision of Board of Patent Appeals and Interferences awarding priority to Respondent is unpublished. Appendix p. A-26. The findings of fact of the district court and the order granting priority of invention to Petitioner are also unpublished. Appendix p. A-21. The Federal Circuit's opinion is reported at 21 F.3d 1098 (Fed. Cir. 1994). Appendix p. A-5. The Federal Circuit's order denying Conservolite's Combined Petition for Rehearing and Suggestion for Rehearing en banc is unpublished. Appendix p. A-1.

STATEMENT OF JURISDICTION

The Court of Appeals for the Federal Circuit entered the judgment of which Petitioner seeks review on April 21, 1994. The Federal Circuit denied Petitioner's Combined Petition for Rehearing and Rehearing In Banc on June 21, 1994. Therefore, under Supreme Court Rule 13.4 Petitioner must have filed its Petition by September 19, 1994, which Petitioner has done. The statutory provision which confers jurisdiction upon this Court is 28 U.S.C. § 1254(1), which provides for review from courts of appeals by writ of certiorari.

STATEMENT OF CASE AND STATEMENT OF JURISDICTION IN THE COURT OF FIRST INSTANCE

This case originated when Respondent, Widmayer, copied that portion of Petitioner's patent that defined Petitioner's intellectual property rights into his own patent application in an attempt to claim the Petitioner's invention as his own. An administrative proceeding, i.e., an interference, before the Board of Patent Appeals and Interferences ("Board") was instituted to determine the rightful owner of patent rights to the invention defined by Petitioner's patent.[1] As a threshold matter in any interference the Board must find that the two pending patent

[1] Typically, a patent applicant prosecutes his or her application before an examiner at the Patent and Trademark Office ("PTO"), and the patent examiner will either accept or reject the claims of the applicant. However, sometimes the claims of a patent application may be the same or substantially similar to claims in another application or in an unexpired patent. When such a situation occurs, the Commissioner of the Patent and Trademark Office will declare an interference. 35 U.S.C. § 135(a). The purpose of an interference proceeding is to determine who has priority to the claims. *Id.*

If the interference involves two patent applications, the PTO will award the claims to the applicant adjudged to have priority to them and will refuse to allow the claims to the applicant who does not. If the interference involves an applicant and a patentee, the PTO will cancel the claims of the patent if the patentee is adjudged to lack priority. *Id.*

applications (or the pending application and an issued patent as in this case) both define essentially the same invention.

To be successful, Widmayer was required to prove he was the first inventor of the invention at issue, the invention of the Petitioner's patent. The Petitioner argued that Widmayer's evidence demonstrated that Widmayer was not the inventor of the invention at issue prior to Petitioner's inventor, John Hess II. It has been Petitioner's position, even at that early date in the proceedings, that all Widmayer was trying to do was claim Hess's invention as his own.

Nevertheless, the Board found that Widmayer invented, i.e., conceived and reduced to practice the disputed invention prior to Hess. But, the Board made no specific findings on the fundamental question of whether Widmayer's alleged *prior* invention was the same as that of Hess. Despite the absence of any findings on the issue of similarity of inventions, the Board awarded priority as to the disputed claims to the Respondent (Board Op. of July 31, 1990, at 9, Appendix A-34). As a consequence, Petitioner's patent rights were taken away and awarded to Widmayer.

Petitioner, in an effort to correct the error at the Board and to obtain unambiguous factual findings with respect to the differences in the inventions at issue, subsequently filed suit in the United States District Court in the district of Maryland, requesting that the court overturn the decision of the Board.[2]

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[2] Petitioner brought the action pursuant to 35 U.S.C. § 146, which provides that

> Any party to an interference dissatisfied with the decision of the Board of Patent Appeals and Interferences on the interference, may have remedy by civil action . . . . In such suits the record of the Patent and Trademark Office shall be admitted on motion of either party upon the terms and conditions . . . as the court imposes, without prejudice to the right of the parties to take further testimony.
>
> . . . Judgment of the court in favor of the right of an applicant to a patent shall authorize the Commissioner to issue such patent on the filing in

Jurisdiction was based on 28 U.S.C. § 1338 since the question arose out of the patent laws and was also based specifically on 35 U.S.C. § 146, which provides for review of interference proceedings.

At the trial, Conservolite argued that the invention relied on by Respondent to win priority was not the same as the invention at issue in the interference. In contrast to the proceedings before the Board where testimony is received without the benefit of live witnesses, a plenary trial before a federal district judge is available to the parties in a de novo review. 35 U.S.C. § 146 Both sides presented witnesses, including the inventors, all subject to cross-examination. The District Court had for the first time the opportunity to evaluate the demeanor and ultimately the credibility of the witnesses. After receiving the expert testimony of a *court appointed expert*, the trial court made findings with respect to the inventions, concluding that Widmayer's invention was not the same invention as that of Conservolite. (Trial Transcript at 514, Appendix p. A-23). The court stated that

> when we get to the key question in this case whether the circuits which Mr. Widmayer conceived and/or reduced to practice is [sic] sufficiently similar to the invention described in the count . . . I accept the final opinion and the reasoning of Dr. Levine who convinced me for the reasons that he stated that . . . there are substantial rather than insignificant differences here.

Id. at 513-14. Accordingly, the court awarded priority to Petitioner. *Id.*

This holding did not deprive Respondent Widmayer of a patent to his own invention which could be defined by other claims in his still-pending patent application. Instead, it merely permitted Conservolite to retain ownership of its earlier issued patent.

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the Patent and Trademark Office of a certified copy of the judgment . . . .

Widmayer appealed the district court's decision to the Court of Appeals for the Federal Circuit. Widmayer's brief and reply brief focused on the merits of the lower court's decision, namely, were the inventions dissimilar. Conservolite thus focused on this same issue in its brief and argument before that court of appeals.

Shockingly, in its decision the Federal Circuit for the first time raised what it considered to be a dispositive issue and then, without providing any opportunity for the parties to brief this issue decided it against Conservolite, admittedly avoiding the merits of the district court decision. Appendix p. A7 - A8. The Federal Circuit panel, with Judge Newman dissenting, held that the district court lacked discretion to admit evidence relating to the dissimilarity between Respondent's reduced-to-practice invention and the invention in dispute despite the fact that neither party raised that issue on appeal or objected to the evidence at trial. In fact, the panel states in its opinion that

> [t]he arguments presented in the district court and on appeal have focused almost exclusively on whether Widmayer's invention"met the count"or was "sufficiently similar" to the invention of the interference count. Specifically, Widmayer, who acted *pro se* in the interference and in the district court, now claims that the court's judgment rests on the clearly erroneous finding that "the Widmayer circuit does not make the count," while Conservolite argues that Widmayer did not prove a reduction to practice of the invention of the count because Widmayer's invention is structurally different from the invention disclosed in the Hess patent. Much effort was spent by both parties concerning interpretation of the opinion of an expert witness and whether he changed his opinion at trial. However, the fate of this appeal does not turn on the merits.

Id. After admitting that the issues relating to invention ownership are complicated it acted *sua sponte* to reverse on an issue *other than the merits.* Without benefit of briefs or argument, the result is a star chamber - like decision that ultimately has the effect of totally "gutting" the patent rights for both parties, thus serving neither party. Petitioner loses its patent on its own invention even though on the merits its invention is different from Widmayer's. The patent claims awarded to Widmayer will not be effective against any other party that employs the circuit design shown in Petitioner's patent since there has been a determination on the merits that Widmayer did not invent that circuit until after Hess did. The result is a nearly complete destruction of the intellectual property rights associated with Petitioner's invention without providing either party an opportunity to be heard on the decisive issue first raised in the Federal Circuit's opinion on the matter.

Petitioner therefore asks this Court to review the judgment of the Federal Circuit and grant the Petitioner the opportunity to be heard for the first time by that court on the dispositive issue.

REASONS FOR GRANTING THE PETITION

A. THE FEDERAL CIRCUIT'S CONDUCT DENIED THE PETITIONER OF DUE PROCESS IN THE DETERMINATION OF IT'S INTELLECTUAL PROPERTY RIGHTS AND THUS RAISES AN IMPORTANT QUESTION OF FEDERAL LAW THAT MERITS REVIEW BY THIS COURT

The Federal Circuit reversed the district court's decision in this case based on its own "conception" of what occurred at trial without the benefit of the parties' advocacy of the facts and the law actually in dispute.[3] Since the Federal Circuit chose the *sua sponte* approach to its analysis, the reasons for the district

[3] After the court raised the issue sua sponte, rather than ask for supplemental briefs it simply relied on its conception "of events." "The district court in this case admitted testimony on the question whether the parties claimed

court's action were never adequately brought to the fore. The powers of a federal court of appeals do not permit that court to violate the strictures of due process in this manner. The Federal Circuit denied the Petitioner even the most meager opportunity to be heard on issues first raised by that court and never before addressed by the litigants. The subsequent discussion establishes the framework by which Petitioner argues that its due process rights have been violated.

Traditionally, this Court has held that "the Due Process Clause protects civil litigants who seek recourse in the courts, either as defendants hoping to protect their property or as plaintiffs attempting to redress grievances." *Logan v. Zimmerman Brush Co.*, 455 U.S. 422, 429, 102 S.Ct. 1148, 1154 (1982). The "property" component of the Due Process Clause imposes certain constitutional limitations upon the power of courts, even in aid of their process, unless an opportunity for a hearing on the merits is provided. *Societe Internationale v. Rogers*, 357 U.S. 197, 209, 78 S.Ct. 1087, 1094 (1958).

There is no doubt that Petitioner's patent rights are property.[4/ 5] Petitioner has clearly been deprived of this protected interest in the Federal Circuit's reversal of the District Court. Petitioner does not dispute the Federal Circuit's power to deprive the Petitioner of its property right. However, it does challenge the manner in which the Federal Circuit exercised that power. It "took" that property without an opportunity for the

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the same patentable invention without justifying its unusual action. Conservolite also did not justify its failure to raise the issue before the Board and, from the record, we do not see how it possibly could have done so" Appendix p.A12.

[4] It is not necessary that the protected property interest be tangible. *See Logan*, 455 U.S. at 431, 102 S.Ct at 1155 (right to redress discrimination); *Goldberg v. Kelly*, 397 U.S. 254 (1970) (right to continued receipt of welfare benefits).

[5] *See* 35 U.S.C. § 262 ("patents shall have the attributes of personal property").

patent owner to be heard. Thus, the salient question is whether the purported owner was afforded procedural due process in connection with that taking.[6]

This Court has held that "[a]n elementary and fundamental requirement of due process in any proceeding . . . is *notice* reasonably calculated, under all the circumstances, to apprise interested parties of the pendency of the action and *afford them an opportunity to present their objections.*[7]

In the case at hand, Petitioner did not have any opportunity to present the facts and legal argument to the Federal Circuit on the dispositive issue in this case because the Federal Circuit raised that issue *sua sponte* and decided it *sua sponte*, without notifying the parties of the new issue. Furthermore, the Federal Circuit summarily denied Petitioner's petition for rehearing, and

[6] Here, Congress has provided a right to appeal the decision of the Patent Board of Appeals and Interferences regarding an interference proceeding. 35 U.S.C. § 146. It also has established a right to appeal the final decisions of district courts. 28 U.S.C. §§ 1291, 1292(a), 1292(c), 1292(d)(4)(A), 1294, 1295. Since Petitioner has a statutory entitlement to review of the Board's decision, the courts must provide for review in a manner consistent with due process. *See Evitts v. Lucey*, 469 U.S. 387, 400-01, 105 S.Ct. 830, 838-39 (1985) ("The right to appeal would be unique among state actions if it could be withdrawn without consideration of applicable due process norms."); *In re Jennings*, 83 B.R. 752, 761 n.22 (D. Nev. 1988) ("Only after an appeal of right has been statutorily granted do the Due Process and Equal Protection clauses become operative.").

[7] *Mullane v. Central Hanover Trust Co.*, 339 U.S. 306, 314 (1949) (emphasis added). This principle is embodied in the appellate bench's reluctance to consider an issue raised for the first time in a reply brief, "both because our system assumes and depends upon the assistance of counsel, and because of the unfairness of such a practice to the other party." *United States v. Pryce*, 938 F.2d 1343, 1353 (D.C. Cir. 1991), *cert.denied sub. nom. Donovan v. United States*, 112 S. Ct. 1488 (1992) (Silberman, J., dissenting) (citation omitted). *See also McBride v. Merrell Dow and Pharmaceuticals, Inc.*, 800 F.2d 1208 1210-1 (D.C. Cir. 1986); *Preservation Coalition, Inc. v. Pierce*, 667 F.2d 851, 862 (9th Cir. 1991) (issue raised for first time in *reply brief "not properly before the court").*

in doing so destroyed Petitioner's first and only chance to be heard before the Federal Circuit on the dispositive issue. Clearly, the Federal Circuit's actions do not comport with the principles propounded in *Mullane*.

Based on this analysis, Petitioner asserts that the Federal Circuit's conduct of taking and virtually destroying Petitioner's intellectual property right in its invention without providing the Petitioner with due process raises a serious federal question that merits review by this Court.

B. THE FEDERAL CIRCUIT'S CONDUCT IS INCONSISTENT WITH THE PRACTICE OF OTHER CIRCUITS

The scope of the Federal Circuit action in its *sua sponte* decision in this matter is in conflict with the positions taken by other circuits as to the appropriate occasions for *sua sponte* action.

Some courts approve *sua sponte* decisions in a variety of legal issues. *See, e.g., Bender v. Williamsport Area School Dist.*, 475 U.S. 534, 541, 106 S.Ct. 1326, 1331 (1986) (court has duty to resolve issue of jurisdiction even if parties fail to raise issue); *Lambert v. Genesee Hosp.*, 10 F.3d 46, 56 (2d Cir. 1993) (concluding sua sponte that as a matter of law plaintiff was not entitled to relief); *Stone v. City and County of San Francisco*, 968 F.2d 850, 855 (9th Cir. 1992) (holding that courts have jurisdiction to decide issues of comity and federalism *sua sponte*);*Gregory v. United States Bankruptcy Court for District of Colorado*, 942 F.2d 1498, 1500 (10th Cir. 1991) (holding that *sua sponte* dismissal of a complaint is permissible if the dismissal is based on a dispositive issue of law); *Izquierdo Prieto v. Mercado Rosa*, 894 F.2d 467, 471 n.4 (1st Cir. 1990) (concluding *sua sponte* that as a matter of law that plaintiff was not entitled to relief under 42 U.S.C. § 1983).

Other circuits, notably the Fifth and Eighth, have limited *sua sponte* action to making decisions on purely jurisdictional matters or to remanding a case for further findings on a new issue, *Samaad v. City of Dallas*, 940 F.2d 925, 930 (5th Cir. 1991) (court may raise issues *sua sponte* only if the issues relate to the court's jurisdiction). *E.g.*, *Nabors v. United States*, 929 F.2d 354, 355 (8th Cir. 1990) (holding *sua sponte* that appellant was entitled to *de novo* review of the magistrate's findings by the district court and remanding the case to the district court to conduct a de novo review). *But see Molecular Technology Corp. v. Valentine*, 925 F.2d 910, 920-21 (6th Cir. 1991) (sua sponte reviewing the jury's verdict because it contained inconsistent findings, misapplication of jury instructions and the relevant law, and an excessive damage award).

In view of these conflicts among the Circuits, this case is ripe for review by the Supreme Court to resolve these differences.

C. THE FEDERAL CIRCUIT'S CONDUCT HAS SO FAR DEPARTED FROM THE ACCEPTED AND USUAL COURSE OF JUDICIAL PROCEEDINGS AS TO CALL FOR AN EXERCISE OF THIS COURT'S POWER OF SUPERVISION.

Despite the conflict between the circuits outlined above, the cited cases indicate that where a court of appeals has decided an issue *sua sponte*, the issue was either related to the court's jurisdiction or was strictly a legal question, thus reducing the need to review the record below. Moreover, when this Court has raised an issue *sua sponte*, it has at least directed the parties to brief the issue.[8]

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[8] *E.g.*, *Schlesinger v. Councilman*, 420 U.S. 738, 743, 95 S.Ct. 1300, 1306 (1975) (*sua sponte* raising a "sufficiently important"issue and noting that it directed the parties to prepare supplemental briefs regarding the newly raised issue).

In the present case, the decision of the Federal Circuit was based heavily on an independent analysis without benefit of the record or argument developed by the parties; unfortunately it rendered a decision based upon its own "conception" of the issues rather than upon the factual inquiries that the parties presented to the trial court.[9] This conduct veers substantially from the normal and accepted practice of other circuits of considering legal questions *sua sponte*. Not surprisingly the bizarre effective outcome of the Federal Circuit's decision is just what other circuits seek to avoid to the extent that they limit their *sua sponte* actions.

The panel's decision has created a bizarre situation that has essentially "gutted" the value of the patent rights at stake to *both parties*. Since Petitioner won on the merits, the findings of different inventions are uncontroverted. The Federal Circuit reversed merely on a procedural defect that affects only Conservolite. The practical impact of the Federal Circuit's reversal is that Conservolite loses its patent rights and Widmayer's patent

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[9] As the Federal Circuit admitted in its opinion,

> [t]he arguments presented in the district court and on appeal have focused almost exclusively on whether Widmayer's invention "met the count" or was "sufficiently similar" to the invention of the interference count. . . . However, the fate of this appeal does not turn on the merits. The issues presented by the parties were not raised during the interference; therefore, they were not properly before the district court. Thus, we must reverse the court's judgment of priority.

Appendix p. A7-A8 The issue that the Federal Circuit thought was before the district court was whether an interference-in-fact existed. Appendix p. A11) ("In this case, Conservolite failed to raise the 'same patentable invention' issue in the manner specified by the interference rules."). However, the evidence presented to the district court did not relate to whether an interference-in-fact existed, but related to whether Respondent Widmayer had reduced his invention to practice before Petitioner: the district court concluded that the invention that Respondent Widmayer did reduce to practice before Petitioner was not the invention described in the count. As a result, Petitioner was entitled to priority.

rights are fatally damaged. Since on the merits it has been determined that the Conservolite and Widmayer inventions are different, everyone else in the United States can employ the invention with impunity, except the Petitioner. This nothing less than a dedication of Petitioner's invention to the public all to the detriment of the Petitioner.

The likelihood of a bizarre outcome such as in the present case is dramatically increased when a court does not permit the parties to brief the issues beforehand, thereby greatly increasing the risk of an erroneous decision. "If the question had been raised there is at least a possibility that other facts or other authorities might have been presented which might have changed the court's attitude on the matter.[10]

Here, the Federal Circuit panel considered *sua sponte* whether or not the district court had authority to hear evidence on the dissimilarity of the invention. An intervening change in the law had occurred between the time of the Patent Office Board's decision and the district court action. That change in the law fully justified the district court's admission of the evidence. However, the Federal Circuit never even gave the parties any opportunity to point this out by briefing the issue. Thus, the Federal Circuit has gone beyond even the more liberal practices of certain circuits with respect to *sua sponte* action and this compels an exercise of this Court's power of supervision.

D. THE FEDERAL CIRCUIT'S CONDUCT CONFLICTS WITH PRECEDENT OF THIS COURT

The Federal Circuit based its decision upon an issue not passed upon by any lower tribunal, and upon which the parties

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[10] Allan D. Vestal, *Sua Sponte Consideration in Appellate Review*, 27 Fordham L. Rev. 477, 493 (1958).

did not have an opportunity to be heard. This practice conflicts with the Court's precedent in *Singleton v. Wulff*.[11]

In *Singleton*, the District Court dismissed the case for lack of standing, on the defendant's pre-answer motion.[12] The Court of Appeals overruled the District court on the standing issue, and then proceeded to reach the merits of the case, even though the defendant had not filed an answer or any other pleading on the merits.[13]

This Court reversed, noting that "it is the general rule, of course, that a *federal appellate court does not consider an issue not passed upon below*.[14] The Court declined to announce a "general rule" regarding "what questions may be taken up and resolved for the first time on appeal,"but noted that such cases include those "where the proper resolution is beyond any doubt, or where 'injustice might otherwise result.'"[15]

The *Singleton* case was "not such a case",[16] nor is this case such a case.

The proper resolution in this case was certainly not "beyond any doubt." The Federal Circuit admitted in its opinion that"[i]nterference practice is highly arcane and specialized, and complicating the situation is the fact that the PTO changed its rules fairly recently."[17] Surely, given the arcane, complicated, and unsettled state of interference law, the Federal Circuit should not have tackled the issue without seeking the interested parties' analysis.

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[11] 428 U.S. 106 (1976).

[12] *Id.* at 119.

[13] *Id.*

[14] *Id.* at 121

[15] *Id.* (citations omitted).

[16] *Id.*

[17] *Conservolite, Inc. v. Widmayer*, 21 F. 3d 1098, 1100 (Fed. Cir. 1994).

Petitioner is aware that this Court has often raised issues on this Court's own motion. However, where the newly raised issues were nontrivial, this Court has often given the parties a chance to be heard on the new issues by allowing *supplemental briefing and argument.*[18] Some courts of appeals have wisely followed this example.[19] In this case, not only did the Federal Circuit fail to request supplemental briefs and arguments, it denied the parties a rehearing on the issue which could have served the same purposes as this Court's procedure of allowing supplemental briefing and argument.

Because the Federal Circuit refused to allow the parties to be heard on the dispositive issue in the case, in violation of the *Singleton* guidelines, this Court should grant certiorari and reverse the denial of rehearing.

E. THE FEDERAL CIRCUIT'S CONDUCT RAISES AN IMPORTANT QUESTION THAT AFFECTS THE INTEGRITY OF THE JUDICIAL PROCESS

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[18] *See, e.g., Colorado v. Connelly*, 474 U.S. 1050 (1986); *Garcia v. San Antonio Metropolitan Transit Authority*, 468 U.S. 1213 (1984); *New Jersey v. T.L.O.*, 468 U.S. 1214 (1984); *Illinois v. Gates*, 459 U.S. 1028 (1982); *Alfred Dunhill of London, Inc. v. Cuba*, 422 U.S. 1005 (1975); *Paris Adult Theatre I v. Slaton*, 408 U.S. 921 (1972); *Brown v. Board of Education*, 345 U.S. 972, 972-3 (1953).

[19] *See, e.g., United States v. Seacott*, 15 F.3d 1380, 1383 (7th Cir. 1994) (novel issue regarding sentencing guidelines); *United States v. Vonsteen*, 950 F.2d 1086, 1092 (5th Cir. 1992), *cert. denied*, 112 S. Ct. 3039 (1992) (court en banc directed supplemental briefing); *R.C. Dick, Geothermal Corp. v. Thermogenics, Inc.*, 890 F.2d 139 (9th Cir. 1989) (en banc) (issue of standing); *Sanders v. Clemco Ind.*, 862 F.2d 161, 166 (8th Cir. 1988) (issue of appellate procedure); *Chadouin v. Atkinson*, 404 F.2d 1323, 1327 n.5 (3d Cir. 1974); *see also Katz v. Carte Blanche Corp.*, 496 F.2d 747, 770-1 (3d Cir. 1974), *cert. denied*, 419 U.S. 885 (1974) (Aldisert, J., dissenting) (Court "should have requested additional briefing and oral argument"on issue not raised below, or briefed, or argued.)

This case raises the question of whether and to what extent a Court of Appeals may raise and dispose of novel issues without input from the interested parties and their advocates. This question lies at the heart of the adversarial system of justice.

As a Justice of this Court said in a recent case, "[t]he rule that points not argued will not be considered is more than just a prudential rule of convenience; its observance, at least in the vast majority of cases, distinguishes our adversary system of justice from the inquisitorial one."[20] "The premise of our adversarial system is that appellate courts do not sit as self-directed boards of legal inquiry and research, but essentially as arbiters of legal questions presented and argued by the parties before them."[21]

In this case, the Federal Circuit functioned as an inquisitorial panel rather than as a court of law. It raised the issue that formed the basis of its decision and disposed of that issue without giving the parties a fair opportunity to be heard on that issue. Furthermore, the facts that underlied the Federal Circuit's decision *were not fully developed in the tribunals below.*

There is no way of knowing how often appellate courts violate this axiom of the adversary system.[22] Certainly, the Federal Circuit violated it in this case,[23] as have other Courts of

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[20] *United States v. Burke*, 119 L. Ed. 2d 34, 50 (1992) (Scalia, J., concurring).

[21] *Carducci v. Regan*, 714 F.2d 171, 177 (D.C. Cir. 1983) (Scalia, J.) (refusing to entertain a constitutional argument that had been raised but not adequately discussed in party's briefs).

[22] See Vestal, *supra* at 498 (1958) ("Unless there is a dissenting opinion noting the fact, only the attorneys for the litigants will be aware that the court has decided the case on issues not argued to the court." (footnote omitted)).

[23] In fact, the Federal Circuit has rendered at least one other decision based on an issue not briefed or argued by the parties.

Appeals from time to time.[24] The Courts of Appeals have approached the question of the appropriate scope of *sua sponte* action on an *ad hoc* basis and have developed a patchwork of rules that vary from circuit to circuit,[25] and

In *UMC Electronics Co. v. United States*, 816 F.2d 647 (Fed. Cir. 1987), the dissent points out

> The panel majority does not even reach the issues of infringement and obviousness, presented at length by the parties. Having strained the issues that *are* on appeal into a form of issue neither raised nor briefed by the parties, the panel majority then interprets prior cases in this court and its predecessor courts as only "appearing" to assume the requirement of reduction to practice but not having "specifically," or "explicitly," or "squarely" addressed the question the panel majority raised. *Voila!* Two judges of the court are now free to disembody a fundamental principle of patent law which a respectable body of precedent holds to exist.

Id. at 658 (Smith, J., dissenting) (emphasis in original)

[24] *See e.g., Nabors v. United States*, 929 F.2d 354, 355 (8th Cir. 1990); *United States v. Hoyt*, 888 F.2d 1257, 1258 (9th Cir. 1989); *Brown v. Fauver*, 819 F.2d 395, 398 (3d Cir. 1987); *Davis v. Blackburn*, 803 F.2d 1371, 1372 (5th Cir. 1986) (Judge Rubin dissented: "we will not consider issues that are not raised by the litigants on appeal save when they undermine our jurisdiction").

[25] For Example, some Courts of Appeals will raise *sua sponte* the "exhaustion" bar to a state prisoner's federal habeas corpus petition, *see e.g., Harris v. Rees*, 794 F.2d 1168, 1170 (6th Cir. 1986), while others hold that this cannot be done, *see, e.g., Mosely v. Moran*, 798 F.2d 182, 185 (7th Cir. 1986); *Flowers v. Blackburn*, 779 F.2d 1115, 1115 n.2 (5th Cir. 1986), *cert. denied*, 475 U.S. 1132 (1986). Likewise, the Circuits are split on whether a Court of Appeals can raise the nonjoinder of an indispensable party *sua sponte*. *Compare NLRB v. Doug Neal Management Co.*, 620 F.2d 1133, 1139 (6th Cir. 1980) (issue can be raised *sua sponte* "to protect the absent party") *with Hoots v. Pennsylvania*, 495 F.2d 1095, 1096 n.3 (3d Cir. 1974), *cert. denied sub nom. Churchill Area School District v. Hotts*, 419 U.S. 884 (1974) (will not be raised *sua sponte*). The only issue on which there seems to be universal agreement among the Circuits is that a Court of Appeals can raise *sua sponte* the issue of subject matter jurisdiction. *See, e.g., Odeco Oil and*

from panel to panel.[26]

The integrity of the adversary system is undermined by the *ad hoc* treatment given to defining the limits of *sua sponte* action in the Courts of Appeals. This Court should grant certiorari to give guidance to the Courts of Appeals as to their proper role in the adversary system.

> When an appellate court decides a case upon matters not urged by the litigants in that court, it may simply avoid mention of the shift in the basis and write an opinion discussing the facts and the applicable law as the court sees it, and so decide the case. Unless there is a dissenting opinion noting the fact, only the attorneys for the litigants will be aware that the court has decided the case on issues not argued to the court. *There is no possible way of knowing whether this is a common occurrence or whether this happens only rarely.* Certainly, there is some evidence that this has happened on occasion.

Vestal, *supra*, at 497-98. Given the uncertain extent to which this conduct occurs, this Court should render a decision concerning the validity of this practice so that parties may ensure that reviewing courts will not engage in this practice.

Gas Co. v. Bonnette, 4 F.3d 401, 403 n.2 (5th Cir. 1993), *cert. denied*, 114 S. Ct. 1320 (1994).

[26] Compare *Motley v. Collins*, 18 F.3d 1223, 1236 n.11 (5th Cir. 1994) (*Teague* retroactivity rule not raised *sua sponte*) *with Wiley v. Puckett*, 969 F.2d 86 (5th Cir. 1992), *petition for cert. filed* (U.S. April 22, 1994) (No. 9308843) (same rule was raised *sua sponte*).

CONCLUSION

For all of the reasons stated, this Court should grant the petition and issue a writ of certiorari to review the judgment of the United States Court of Appeals for the Federal Circuit and grant the Petitioner its first hearing at the Federal Circuit on this dispositive issue.

Respectfully submitted,

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UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

93-1280

CONSERVOLITE, INC.,

Plaintiff-Appellee,

v.

DON F. WIDMAYER

Defendant-Appellant.

O R D E R

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

Filed June 21, 1994
U.S. Court of Appeals for Federal Circuit
Francis X. Ginghart
Clerk

ORDER

A combined petition for rehearing and suggestion for rehearing in banc having been filed by the APPELLEE, and a response thereto having been invited by the court and filed by the APPELLANT, and the petition for rehearing having been referred to the panel that heard the appeal, and thereafter the suggestion for rehearing in banc and response having been referred to the circuit judges who are in regular active service,

UPON CONSIDERATION THEREOF, it is

ORDERED that the petition for rehearing be, and the same hereby is, DENIED and it is further

ORDERED that the suggestion for rehearing in banc be, and the same hereby is, DECLINED.

The mandate of the court will issue on June 28, 1994.

FOR THE COURT,
Francis X. Gindhart, Clerk

Dated: June 21, 1994

By _____
Diane M. Frye
Chief Deputy Clerk

cc: Ross F. Hunt, Jr.
William K. Wells, Jr.

Conservolite Inc. V Widmayer,
93-1280 (DCT - K-90-2524)

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

93-1280

CONSERVOLITE, INC.,
Plaintiff-Appellee,

v.

DON F. WIDMAYER,
Defendant-Appellant.

JUDGMENT

ON APPEAL from the UNITED STATES DISTRICT COURT
DISTRICT OF MARYLAND

in CASE NO(S). K-90-2524

This CAUSE having been heard and considered it is
ORDERED and ADJUDGED:

REVERSED

Entered By Order Of The Court

DATED _____

_____
Francis X. Gindhart. Clerk

ISSUED AS A MANDATE: June 28, 1994

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

93-1280
(Interference No. 101,516)

CONSERVOLITE, INC.,
Plaintiff-Appellee,

v.

DON F. WIDMAYER,
Defendant-Appellant.

William K. Wells, Jr., Kenyon & Kenyon, of Washington, D.C., argued for plaintiff-appellee.

Ross F. Hunt, Jr., Larson & Larson, of Arlington, Virginia, argued for defendant-appellant.

Appealed from: U.S. District Court for the District of Maryland
Judge Kaufman

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

93-1280
(Interference No. 101,516)

CONSERVOLITE, INC.,
Plaintiff-Appellee,

v.

DON F. WIDMAYER,
Defendant-Appellant.

DECIDED: April 21, 1994

Before ARCHER*, *Chief Judge*, NEWMAN and LOURIE, *Circuit Judges*. LOURIE, *Circuit Judge*.

Don F. Widmayer appeals from a decision of the United States District Court for the District of Maryland reversing the decision of the United States Patent and Trademark Office (PTO) Board of Patent Appeals and Interferences and awarding priority of invention in Interference No. 101,516 to Conservolite, Inc. *Conservolite. Inc. v. Widmayer*, No. K-90-2524 (D. Md. Feb. 24, 1993). Because the district court's decision was based on an issue not raised with or decided by the Board in the interference, and because the court's underlying factual findings supporting the award of priority are not challenged here, we reverse.

BACKGROUND

This case involves an interference between U.S. patent application serial number 571,830, filed by Widmayer, and U.S.

* Chief Judge Glenn L. Archer assumed the position of Chief Judge on March 18, 1994.

Patent 4,507,569 to Hess, assigned to Conservolite.[1] Both specifications are directed to control systems for regulating a power supply. The interference was declared on April 4, 1986, with one count; claim 1 of the '569 patent and claim 8 of the '830 application were designated to correspond exactly to the count. The Board awarded priority of invention to Widmayer, finding that Widmayer reduced the invention to practice prior to Hess; that Widmayer had not abandoned, suppressed, or concealed the invention; and that Hess derived the invention from Widmayer. Conservolite sought remedy in the district court pursuant to 35 U.S.C. § 146 (1988).

At trial, the court found that "Widmayer did reduce to practice the invention named in the account [*sic*] of the interference proceeding," that "Widmayer's reduction to practice came first," and that "Widmayer did not abandon, conceal, or suppress[] his invention." The court further opined that if the inventions of Widmayer and Hess had been "sufficiently similar," Hess would have derived the invention from Widmayer. However, relying upon testimony given during trial by an expert witness, the court found that the invention reduced to practice by Widmayer was not "sufficiently similar to the invention described in the count." Based on this finding, the court awarded priority of invention to Conservolite. Widmayer appealed to this court.

DISCUSSION

What has occurred in this case is an award of priority to the party who was found to be second to invent because the parties were found not to be claiming the same invention. Such a case

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[1] The application for the '569 patent was filed on December 30, 1983, and the patent issued on March 26, 1985. The '830 application was filed on January 19, 1984, and was eventually allowed. Although the application was withdrawn from issue by Widmayer for the purpose of provoking the interference, it was printed as U.S. Patent 4,546,308 on October 8, 1985. Widmayer amended his application to add claims 8-12, which were the same as claims 1-5 of the '569 patent. The interference also involved an application for reissue of the '569 patent.

is ripe for reversal. *See Squires v. Corbett*, 560 F.2d 424, 433, 194 USPQ 513, 519 (CCPA 1977) (if the inventions at issue are either unpatentable to the parties or are not the same invention, no contest of priority as contemplated by 35 U.S.C. § 135 exists).

Our jurisdiction to entertain this appeal is based on 28 U.S.C. § 1295(a)(4)(C) (1988). Priority is a question of law which is to be determined based upon underlying factual determinations. *Price v. Symsek*, 988 F.2d 1187, 1190, 26 USPQ2d 1031, 1033 (Fed. Cir. 1993). As with any bench trial, we review the district court's judgment for clearly erroneous findings of fact and errors of law. *See Fregeau v. Mossinghoff*, 776 F.2d 1034, 1038, 227 USPQ 848, 851 (Fed. Cir. 1985); Fed. R. Civ. P. 52.

The arguments presented in the district court and on appeal have focused almost exclusively on whether Widmayer's invention "met the count" or was "sufficiently similar" to the invention of the interference count. Specifically, Widmayer, who acted *pro se* in the interference and in the district court, now claims that the court's judgement rests on the clearly erroneous finding that "the Widmayer circuit does not make the count,"while Conservolite argues that Widmayer did not prove a reduction to practice of the invention of the count because Widmayer's invention is structurally different from the invention disclosed in the Hess patent. Much effort was spent by both parties concerning interpretation of the opinion of an expert witness and whether he changed his opinion at trail. However, the fate of this appeal does not turn on the merits. The issues presented by the parties were not raised during the interference; therefore, they were not properly before the district court. The legal error in the judgement below resulted from the fact that the district court rested its decision on a ground not properly before it. Thus, we must reverse the court's judgement of priority.

Interference practice is highly arcane and specialized, and complicting the situation is the fact that the PTO changed its rules fairly recently. [2] One result of this change is that the issues raised in this appeal cannot be appropriately analyzed in terms of a party's "right to make" a count. Under the PTO's old interference rules, " a party copying claims for the purpose of provoking an interference bore the burden of proving by clear and convincing evidence that it had the 'right to make' the *claim.*" *Kubota v. Shibuya*, 999 F.2d 517, 521, 27 USPQ2d 1418, 1422 (Fed. Cir. 1993) (emphasis added). This "right to make the claim" turned on whether an applicant's disclosure supported the full scope of the claim under 35 U.S.C. § 112, ¶ 1. *Squires*, 560 F.2d at 435, 194 USPQ at 520. However, this "right to make" analysis is largely inapposite in the context of the PTO's new interference rules. *See Kubota*, 999 F.2d at 522, 27 USPQ2d at 1422-23.

The current rules do not require "copying" claims. 37 C.F.R. §§ 1.603-.607. As a prerequisite to the declaration of an interference between an application and an issued patent, the PTO must determine that the subject matter of the application claim, whether or not the language of the claim is identical to that of the patent claim, is patentable, and whether the claims are drawn to the same invention.[3] *See* 37 C.F.R. §§ 1.601, 1.606. The declaration of an interference thus prima facie establishes those prerequisite conditions. While the burden of establishing *prima facie* priority rests initially on a party seeking to provoke an interference, *see* 37 C.F.R. § 1.608, once an interference has been declared, the burden is on a party who seeks to change the nature of the interference to take action by means of a suitable motion to

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[2] The PTO's former rules governing interference proceedings 37 C.F.R. § 1.201 to 1.288, were replaced with a new set of rules, 37 C.F.R. § 1.601 to 1.688, effective February 11, 1985. Unless otherwise indicated, all future references to 37 C.F.R. in this opinion refer to the 1993 version.

3 The PTO's interference rules define the "same patentable invention" by way of the following example: invention A is the "same patentable invention"

persuade the examiner-in-chief or the Board of the merits of his or her position. *Kubota*, 999 F.2d at 522, 27 USPQ2d at 1422.

The PTO rules specifically permit parties in an interference to file motions contesting, for example, the patentability of an opponent's claim, *see* 37 C.F.R. § 1.633(a), the existence of an interference in fact, *see id.* § 1.633(b), and the designation of particular claims as corresponding to a count in order to redefine the interfering subject matter, *see id.* § 1.633(c). Section 1.655 of the PTO's interference rules provides that a party shall not be entitled to raise for consideration at final hearing a matter which properly could have been raised by a motion or opposition, unless the party shows good cause why the issue was not timely raised and except to prevent manifest injustice. 37 C.F.R. § 1.655(b); *see General Instrument Corp. v. Scientific-Atlanta, Inc.*, 995 F.2d 209, 212, 27 USPQ2d 1145, 1147 (Fed. Cir. 1993) ("[T]he preliminary motions which a party files or does not file under § 1.633 can have far reaching consequences for both the outcome of the interference and subsequent ex parte prosecution."); *accord Kwon v. Perkins*, 6 USPQ2d 1747, 1751 (Bd. Pat. App. & Interfer. 1988) (party who did not raise an issue by motion under § 1.633 was not entitled to do so at Board), *aff'd*, 886 F.2d 325, 12 USPQ2d 1308 (Fed. Cir. 1989). The fact that Conservolite did not contest that the parties were claiming the same patentable invention by way of a suitable motion not only precluded Conservolite from doing so at the Board's final hearing, it also precluded Conservolite from raising this issue in an action brought pursuant to § 146.[4]

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as invention "B" when invention "A" is the same as (35 U.S.C. § 102) or is obvious (35 U.S.C. § 103) in view of invention "B" assuming invention "B" is prior art with respect to invention "A." 37 C.F.R. § 1.601(n).

[4] The *pro se* status of the appellant motivates us to consider the decisive question whether the "sufficiently similar" or "same patentable invention" issue was properly raised in the district court, even though its consideration there was not clearly challenged by appellant.

Judicial review of the Board's determinations in an interference is provided for by 35 U.S.C. § 146.[5] While § 146 provides that the administrative record developed at the PTO may be admitted "without prejudice to the right of the parties to take further testimony," the right to offer new evidence is not unlimited. Rather, an action under § 146 is essentially a proceeding to review the action of the Board. While the expression "*de novo*" is often used to describe a § 146 action, the statute does not use this language or state that new issues can freely be raised. Section 146 authorizes the district court on review to accept new testimony, but normally only as to issues raised by the parties during the proceedings below or by the Board's decision. *Case v. CPC Int'l, Inc.*, 730 F.2d 745, 752, 221 USPQ 196, 202 (Fed. Cir.), *cert. denied*, 469 U.S. 872, 224 USPQ 736 (1984). Thus, the parties to an interference must make a complete presentation of the issues at the Board level so that the interference is efficient and not wasteful of administrative and judicial resources.

In order for an issue to have been raised adequately so that it qualifies for consideration in a § 146 proceeding, the issue should have been raised as specified in the PTO's interference rules, for example, through preliminary motions, motions to correct inventorship, miscellaneous motions, belated motions delayed for good cause, or opposition to these motions. *See General Instrument*, 995 F.2d at 214, 27 USPQ2d at 1148. In this case, Conservolite failed to raise the "same patentable invention" issue in the manner specified by the interference rules.

Even though Conservolite did not contest by motion whether Widmayer claimed the same patentable invention as Hess, the issue nevertheless could be deemed to have been raised for § 146 purposes if the record clearly demonstrates that it was placed before the examiner-in-chief and one or more parties

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[5] Section 146 provides:

§ 146 Civil action in case of interference

insisted that the issue be resolved in the interference. *Id.* That also did not occur here.

Under appropriate circumstances, a district court may exercise its discretion and admit testimony on issues even though they were not raised before the Board. *Id.* at 214, 27 USPQ2d at 1149. In doing so, courts have considered whether there was suppression, bad faith, or gross negligence on the part of the plaintiff in failing to raise an issue before the Board; whether the evidence was then reasonably available; and whether the issue has been or may be more conveniently and expeditiously raised in another judicial proceeding. *See Standard Oil Co. v. Montedison. S.P.A.*, 540 F.2d 611, 617, 191 USPQ 657, 661 (3d Cir. 1976). Other courts have applied a test of due diligence in identifying and procuring evidence, whether or not the failure to identify or procure the evidence was attended by bad faith motives or for tactical reasons. *See Velsicol Chem. Corp. v. Monsanto Co.* 579 F.2d 1038, 1046, 198 USPQ 584, 591 (7th Cir. 1978). Examples of appropriate circumstances have been said to include an intervening change in the law, the presence of a new issue, or the admission of other new evidence deserving of a response or further elaboration. *Id.* at 1046 n.10, 198 USPQ at 591 n.10.

Any party to an interference dissatisfied with the decision of the Board of Patent Appeals and Interferences on the interference, may have remedy by civil action, if commenced within such time after such decision, not less than sixty days, as the Commissioner appoints or as provided in section 141 of this title, unless he has appealed to the United States Court of Appeals for the Federal Circuit, and such appeal is pending or has been decided. In such suits the record in the Patent and Trademark Office shall be admitted on motion of either party upon the terms and conditions as to costs, expenses, and the further cross-examination of the witnesses as the court imposes, without prejudice to the right of the parties to take further testimony. The testimony and exhibits of the record in the Patent and Trademark Office when admitted shall have the same effect as if originally taken and produced in the suit.

The district court in this case admitted testimony on the question whether the parties claimed the same patentable invention without justifying its unusual action. Conservolite also did not justify its failure to raise the issue before the Board and, from the record, we do not see how it possibly could have done so. Whether an applicant's claim is the same patentable invention as the patentee's claim is at the very heart of an interference. Conservolite had before it Widmayer's complete application and had the opportunity to present its contentions.[6] A proceeding under § 146 is not a chance for a party to reconstruct its case, based on a new litigation strategy, leapfrogging the administrative process in the PTO. Conservolite was not entitled to present testimony at the district court *ab initio* concerning whether Widmayer and Conservolite were claiming the same patentable invention. Under the circumstances, we conclude that the court's decision and admission of testimony on this issue was an abuse of discretion.

The district court did hold that Widmayer reduced to practice the subject matter of the count prior to Hess, and that Widmayer did not abandon, suppress, or conceal the invention. It provisionally held that Hess derived the invention from Widmayer. These findings are undisputed. Since Conservolite did not contest in the interference whether Widmayer and Hess claim the same patentable invention, it effectively conceded that they do. *See In re Van Geuns*, 988 F.2d 1181, 1185, 26 USPQ2d 1057, 1060 (Fed. Cir. 1993). Accordingly, we reverse the court's award of priority to Conservolite and, based on the district court's underlying factual findings concerning priority, award priority to Widmayer.[7]

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[6] A routine decision by an examiner-in-chief preliminary to declaration of an interference is not equivalent to a specific challenge by motion by an opposing party.

[7] The district court declined to reach the merits of Conservolite's "best mode" challenge. Similarly, Conservolite could not have raised this challenge for the first time in a § 146 proceeding.

As a final matter, Widmayer now requests that this case be remanded "for further discovery so that the court can consider its June 24, 1992 non-final holding . . . with respect to the effect of the statute of limitations on [Widmayer's RICO and state law] counterclaims." On July 31, 1992, after making extensive findings, the district court entered summary judgment against Widmayer on his RICO and state law counterclaims. Although during a pre-trial hearing concerning Conservolite's motion for summary judqment, the judge stated that "this court may well say that in fairness to Mr. Widmayer, his cross-claims and counterclaims ought to be reopened, as a result of what occurs at trial . . . ," there is nothing in the record to indicate that Mr. Widmayer actually requested a re-opening of the claims or that the judge in fact reopened the claims. Moreover, the order reversing the decision of the Board and entering judgment for Conservolite stated that "[a]ll other issues in this case have been completed." Widmayer has not contested the propriety of the summary judgment grant and thus has provided us with no basis for remand in order to revisit his finally decided claims.

The dissent-in-part makes some points that need to be answered. First, it continually refers to an action under § 146 as being "*de novo*," implying thereby that there are no limits on the issues that can be raised in such an action. We repeat what we noted earlier, that the statute does not contain "de novo" language, only stating that "the right of the parties to take further testimony" is not prejudiced. *See supra* note 5 and accompanying text. Also, we do not hereby hold that no new issues can be raised in an action under § 146, only that the right to raise such issues is limited to compelling circumstances, which have not been shown to exist here.

The statutory change uniting the Board of Appeals and the Board of Patent Interferences and permitting the new board to consider questions of patentability as well as priority did not decree that issues within the jurisdiction of the Board need no

longer first be raised there in order to be eligible for consideration in a § 146 action. *See* Patent Law Amendments Act of 1984, Pub. L. No. 98-622, §§ 201-07, 98 Stat. 3383, 3386-89. The desirability of the expert agency considering decisive matters relating to priority and patentability before they are raised in an action under § 146, which is essentially an appeal subject to the right to present new evidence on issues raised, still exists.

CONCLUSION

The district court's award of priority to Conservolite is reversed, and priority is awarded to Widmayer.

REVERSED

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

93-1280

CONSERVOLITE, INC.,
Plaintiff-Appellee,

v.

DON F. WIDMAYER,
Defendant-Appellant.

NEWMAN, *Circuit Judge*, concurring in part, dissenting in part.

I agree with the panel majority that the district court erred in the final step of its analysis. I write separately because I do not share the majority's view that the district court did not have discretion to consider whether the inventions were the same, and did not have authority to dispose of the case on that basis. The panel majority has imposed a new restriction on the district court, replacing its judicial discretion with a dependency on the details of PTO proceedings that has not heretofore applied in §146 actions.

The majority holds that the question of identity of the inventions claimed in patent applications in "interference" can not be decided by the district court in a §146 trial *de novo*, unless certain internal administrative procedures were followed in the PTO. The majority deems it immaterial that neither side raised this objection at the time that the district court was trying the question of identity of invention. Indeed, both sides viewed the question of identity of invention as essential to resolution of the dispute as to priority of invention. Essential it is, and as fully

within the purview of a district court in a §146 proceeding, as it was before the PTO when the interference was declared.

I

The panel majority refers to the 1985 statutory and rule changes relating to interferences as somehow supporting the unreviewability by the district court of the issue of identity of invention. These changes were designed to remove thethen existing prohibition whereby the Board of Patent Interferences was barred from considering questions of patentability when raised during an interference proceeding, and thereby to remove one of the time-consuming procedural restrictions that plagued priority contests. *See Perkins v. Kwon*, 886 F.2d 325, 327-28, 12 USPQ2d 1308, 1310-11 (Fed. Cir. 1989). New regulations were adopted, to guide examiners and practitioners. *Id.* These PTO regulations did not remove the district court's discretion to consider relevant questions of patentability in a §146 proceeding.

Under the pre-1985 practice, if a question of patentability of the interference count, or interpretation of the scope or meaning of the claim, arose after the interference was "declared", it was usually set aside until after the priority contest was over — often a matter of years — and then taken up *ex parte*, also often a matter of years. The result was delay, inconvenience, inequity, and inefficiency. The removal of this barrier resulted in a simpler, not a more "arcane", practice. Caution is required lest this court create new bureaucratic complexities, and transport these complexities into the district court.

The PTO, by "declaring" the interference between Widmayer and Hess in accordance with 37 C.F.R. §1.611, held that there was a common invention represented by the interference count. The district court, after a full trial in accordance with 35 U.S.C. §146, held that there was not a common invention. My colleagues on this panel hold that the district court is not authorized to decide whether there was a common invention,

because Conservolite had made no motion in the PTO in accordance with 37 C.F.R. §1.633, and the Board did not redecide the issue of common invention. I do not agree that the district court was without discretion to decide the case on this basis, for the absence of identity of invention fully disposed of the issue before the court. The issue of identity of invention was litigated in the district court without objection. It is the only issue on this appeal.

Neither side viewed the issue of identity of invention as outside the permissible scope of the district court proceeding. Although the panel majority holds that "the issues presented by the parties were not raised during the interference; therefore, they were not properly before the district court", that procedural objection was not raised before the district court. Indeed, it is not raised by either party on this appeal. Thus I can not join in taxing the district court with "legal error" in "consider[ing] a matter not properly before it". Even the PTO is not so rigorous. *See* 37 C.F.R §1.655(c) (1993) ("To prevent manifest injustice, the Board may consider an issue even though it would not otherwise be entitled to consideration [in rendering a final decision]"). Thus I see scant benefit in requiring the district court *sua sponte* to investigate what happened in the PTO motion period when neither party objected before the district court, or before us.

When a trial court considers an issue that both parties agree is properly before it, and that is within the court's jurisdiction — and when the issue is dispositive of the dispute — surely it is not "legal error" to decide the dispute on that basis. This is not a matter of deference to the PTO with respect to such aspects as the burden of proof, as discussed in *Kubota v. Shibuya*, 999 F.2d 517, 27 USPQ2d 1418 (Fed. Cir. 1993). Nor is this like a direct appeal to the Federal Circuit on the PTO record, as in *Kubota v. Shibuya*. A trial before the district court is not limited

to the record of the Board proceedings, and should not be rigidly limited to the procedures whereby that record was created.

Every interference proceeding is founded on the threshold determination by the PTO that both parties are claiming the same invention. It is indeed a new ruling to hold that this material and dispositive fact can not be redetermined before the district court in a trial *de novo*. Although the majority holds that Conservolite was "precluded" from raising this issue at the Board's interference hearing, the district court did not find preclusion, the parties did not argue preclusion, the PTO rules provide for discretion — and neither party raised the question of preclusion on this appeal.

Perhaps PTO interference practice remains "highly arcane and specialized", as the panel majority puts it. As seen in this case, however, when remedy by civil action is selected in the district court, the agency's arcana dissolves in favor of the mainstream procedures of the Federal Rules. In a proceeding under 35 U.S.C. §146 the parties can create a new record; they can present new witnesses, adduce new evidence, run new tests, conduct demonstrations and plant visits, and bring in experts; and in general do what is needed, and the district court allows, in order to ascertain the truth and decide the dispute. *See Standard Oil Co. (Indiana) v. Montedison. S.p.A.*, 664 F.2d 356, 361, 212 USPQ 327, 332 (3d Cir. 1981) ("action brought under 35 U.S.C. §146 is a trial *de novo*"), *cert. denied*, 456 U.S. 915 (1982).

The majority cites *General Instrument Corp. v. Scientific-Atlanta. Inc.*, 995 F.2d 209, 27 USPQ2d 1145 (Fed. Cir. 1993), wherein this court sustained the decision of the district court not to consider a public use issue that had not been raised before the Board. This court reaffirmed, however, that "the district court may, in appropriate circumstances, exercise its discretion and admit testimony on issues even though they were not raised before the Board". *Id.* at 214, 27 USPQ at 1149.

The 1985 legislation did not affect the statutory divergence between direct review by the Federal Circuit on the PTO record,

35 U.S.C. §144, and the remedy by civil action in the district court authorized by 35 U.S.C. §146. These paths are intended to provide different recourse. *See Standard Oil Co. v. Montedison. S.p.A.*, 540 F.2d 611, 616-17, 191 USPQ 657, 660-61 (3d Cir. 1976) (in a §146 review of the decision of the Board, the court has discretion to depart from the general rule against raising new issues, when relevant to the factual issue of priority of invention). The reforms applied to the PTO in 1985 did not operate to reduce the discretion of the district court in a §146 action. As stated in *Perkins v. Kwon*, 886 F.2d at 328, 12 USPQ2d at 1311, "Congress intended that if patentability is fairly placed at issue in the proceeding, it will be determined."

Remedy for agency action by trial *de novo* in a court is not unique to the patent system. One need not look beyond other areas of Federal Circuit purview; for example, a federal employee with a discrimination claim before the Merit Systems Protection Board can take the claim to the district court for trial *de novo*; an importer can take an adverse decision of the Customs Service to the Court of International Trade for trial *de novo*; an adverse decision of a government Contracting Officer can be taken to the Court of Federal Claims for trial *de novo*. As we said in connection with a *de novo* proceeding under 35 U.S.C. §145 relating to review of the Board's denial of a patent, "[u]nless a party is prejudiced thereby or due process is denied, expeditious justice is better served by avoiding artificial restrictions on the district court's authority to resolve all issues reasonably raised in the proceeding." *Newman v. Quigg*, 877 F.2d 1575, 1579, 11 USPQ2d 1340, 1343 (Fed. Cir. 1989) (district court had discretion to permit the Commissioner to raise a new ground of rejection).

Since the panel majority recognizes that the district court had discretion to consider new issues or evidence in a §146 action, it is hard to understand the premise of the majority's ruling. This is not a case in which a party schemed to "leapfrog"

the patent office decisionmakers, intending to save its trump card for the district court.[1] It is inappropriate to require the district court to check whether every argument and issue was not only before the Board, but whether it was raised in compliance with "arcane and specialized" rules that were not identified, argued, or briefed.

It has heretofore been recognized that issues that may be dispositive of the issue of priority may be considered in a §146 review, within the district court's discretion. No abuse of that discretion has here been shown. The finding that the inventions of Widmayer and Hess were not the same disposed of the dispute as to priority. This issue was decided on its merits, and it was within the authority and discretion of the district court to decide it. Our review of the district court's decision should include the merits of this issue.

II

The district court did make an error of law, after it found that the inventions of Widmayer and Hess were not the same. It was incorrect to award "priority" to the second inventor Hess, for when the inventions are different, the second-to-invent can not possibly have priority over the first-to-invent. To this extent, I join with the majority.

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[1] The majority opinion suggests that the question of identity of invention was a new issue that had not been before the patent office. To the contrary, there was an explicit ruling by the examiner-in-chief that Widmayer had the right to make the count of the interference, following Widmayer's copying into his application of claim 1 of Hess' patent. The claim was identified as copied for interference purposes, was examined in Widmayer's application, and was found patentable to him. This was the basis of the declaration that "interference" existed, and of the Board's subsequent determination of who was the first to invent the common invention. The patentability to Widmayer of the Hess invention was thus decided in the PTO, as a routine and necessary step in the interference procedure. It was not a new issue — in contrast, for example, to the public use issue that was first raised in the district court in *General Instrument* — and it was fundamental to the interference.

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MARYLAND

CONSERVOLITE, INC.

v.

DON F. WIDMAYER

CIVIL NO. K-90-2524

ORDER AND DECREE

For the reasons stated by this Court on the record during the proceeding in this case in open court which concluded earlier today, this Court hereby finds the facts as stated by it during that said proceeding and hereby, in accordance with those findings and also in accordance with the conclusions stated by this Court during that said proceeding, reverses the decision of the Board of Patent Appeals and Interferences of the United States Patent and Trademark Office, which is the subject of the within appeal, and also hereby awards priority to plaintiff, Conservolite, Inc., owner of U.S. Patent No. 4,507,569. Judgment is hereby so entered for plaintiff in the case-in-chief. All other issues in this case have been completed. The Clerk is accordingly directed to close the court file in this case. It is so ORDERED and DECREED this *24th* day of February, 1993.

Senior United States District Judge

THE COURT: All right. This case has certainly been difficult. And when I finish with the main issues I am going to come back to several things that occurred earlier today and take them up with you, Mr. Wells, because they continue to disturb me. But, I wanted to do first things first.

I find that the, now if I put the burden of proof on Mr. Wells differently than I think you agreed you can tell me but I think you clearly agreed to this. I think the burden of proof on these issues have now been covered, was on Conservolite, and Conservolite did not meet the burden. However, I will say ultimately that if the burden of proof were on Mr. Widmayer, I would find that he met the burden. In each case I am talking about application of a preponderance of the evidence standards. First, that Mr. Widmayer did reduce to practice the invention named in the account of the interference proceeding. He reduced it to practice at the time that it was testified to by Dr. Levine, that he, that Mr. Hess reduced the invention to practice and he did so at the time testified to by Dr. Levine, that that time was after Mr. Widmayer's reduction to practice, that Mr. Widmayer's reduction to practice came first; that Mr. Widmayer did not abandon, conceal, or suppress, his invention. So on all those issues, (1) I don't think Conservolite bore its burden, if it didn't have the burden or for any possible reason Mr. Widmayer did Mr. Widmayer bore the burden.

With regard to the question of whether Mr. Hess derived his alleged invention from Mr. Widmayer, I think that question has to be lengthened to include whether Mr. Hess derived his alleged invention from Mr. Widmayer, if (a) if he assumed the two inventions were sufficiently similar, or (b) on the other hand, if it can be assumed that they are not sufficiently similar. I must tell you that in total honesty that is a question which I agree with Dr. Levine largely dependent upon evidence which I can well understand a scientist like Dr. Levine would not accept as valid. In terms of the legally available evidence, I was quite

frankly without very much question in my mind but without taking into account Dr. Levine's view as a non-expert that under pressing from this Court and over objection from Mr. Wells he gave.

I have lost track of any sentence structure. But, even going back to my final position on Mr. Wells's point, which I thought was right after I thought about it more, I thought on balance that this Court should not take into account Dr. Levine's non-expert opinion on that issue of derivation.

If these had been sufficiently similar inventions I would be prepared to find that not only did Conservolite not prove the absence of derivation by Hess but, I also find that Widmayer proved the presence of that derivation. I think there was great competition. I am not suggesting there had to be evil doing but, there was great competition. There was, obviously, by no means complete trust on either side for a long time, if there ever was any. And there certainly, as the Patent Office opinion points out, there certainly was good reason in terms of motive for either side to try to get whatever leg up the other side could get. There was money involved, as the Patent Office opinion points out. And both sides were trying to get the best. And there is nothing necessarily wrong with that, of course. That is, basically, what our economic system and our societal system is built on. Of course, it must be done within the law.

But, when we get to the key question in this case whether the circuits which Mr. Widmayer conceived and/or reduced to practice is sufficiently similar to the invention described in the count within the standards that are applicable, and I have little question but that the Federal Circuit opinion that has been referred to are among those cases which set forth the applicable standards of law. Then I get to the question of whether or not Conservolite has proved by a preponderance of the evidence the dissimilarity. I think that that burden is on Conservolite, I think that has been agreed. But, even if the burden was not on

Conservolite I wouldn't have any difference in this case. I think Conservolite has proved that burden, and I don't think that the burden is on Mr. Widmayer and he has proved it, and I reach that conclusion because I accept the final opinion and the reasoning of Dr. Levine who convinced me for the reasons that he stated that the substantial, that there are substantial rather than insignificant differences here. And, of course, Mr. Widmayer is right in saying that the Court should take into account the entire record.

Dr. Levine testified early in his testimony as to what he had done in this case, and he testified that obviously he didn't recall everything that he read in this Patent Office record, and the total record in this case. He said that it was all made available to him and he carefully reviewed it. But, he had the benefits of all that plus what went on here in the courtroom.

For the reasons that I have stated, I believe that this Court must enter judgment in this case for Conservolite, and I would like an appropriate order drafted in longhand at this point, shown to Mr. Widmayer, and I will take a look at it while all this is fresh in our minds and not later on when we get into trouble from detail, and when I see it then I will adapt it. I am not going to write an opinion in this case.

I finalize and hereby adopt each and every one of the findings of fact and conclusions that I have just stated. And because the answer to the question of similarity goes against Mr. Widmayer, I think that entitles Conservolite to judgment, or to an appropriate decree.

I have not reached the issue of whether the patent application to which Mr. Widmayer filed on the subject matter in the account at issue disclosed the best mode of the invention known to him at that time, because I don't think Mr. Widmayer gets his foot in the door when he can't hope get his foot passed the similarity-dissimilarity point. If Mr. Widmayer could get passed that point and achieve victory on that point I would want to give

both sides an opportunity, particularly Mr. Widmayer, the opportunity to get further, as a matter of fact and law into that issue of best mode. But, I don't have to reach that issue in this case because we, Mr. Widmayer doesn't get passed the point of similarity-dissimilarity.

Judgment for an appropriate decree will be entered in this case. The cost of this case are to be borne by Mr. Widmayer as the losing party.

In The United States Patent and Trademark Office

Before the Board of Patent Appeals and Interferences

Patent Interference No. 101, 516

Widmayer v. Hess, II

Electrical Control System and Driver

Final Hearing
October 5, 1989

Application of Don. F. Widmayer filed January 19, 1984, Serial No. 571,830.

Patent granted to John E. Hess II on March 26, 1985, Patent No. 4,507,569, filed December 30, 1983, Serial No. 567,264.

Reissue application for John E. Hess II filed July 3, 1986, Serial No. 801,936. Application for Reissue of Patent No. 4,507,569.

Don F. Widmayer for Widmayer. Oral argument by Don F. Widmayer.

Andrew J. Cornelius, Alan P. Kass, J. Randall Beckers, Gene W. Stockman, William A. Behare and Ansel M. Schwartz for Hess II. Oral argument by Andrew J. Cornelius.

Urynowicz, Boler and Craig, Examiners-in-Chief.

Urynowicz, Examiner-in-Chief.

The invention in this interference relates to an electronic system for controlling an electrical load such as an inductive

device. The particular subject matter in issue is illustrated by count 1 as follows:

Count 1

A driver for applying power to an electrical load device from a voltage supply comprising:

first electronic switching means adapted for connection to the load device that is capable of assuming a first state in which energizing voltage of a level that is sufficient to operate the load can be applied to the load by the voltage supply and a second state in which said energizing voltage cannot be applied to the load;

second electronic switching means operatively associated with said first electronic switching means for effecting the transition of said first electronic switching means between said first and second states switching between said first and second states thereof, said second electronic switching means being selectively switchable between a first state in which said second electronic switching means causes said first electronic switching means to assume its said first state, and a second state in which said second electronic switching means causes said first electronic switching means to assume its said second state, said second electronic switching means defining an input adapted to receive control signals, receipt by said second electronic switching means at said input of a control signal of a predetermined nature when said second electronic switching means is in its said first state causing said second electronic switching means to leave its said first state to assume its said second state, said second electronic switching means being automatically returned from said second state to said first state when the difference in electric potential between the supply and the load is less than a predetermined threshold.

The claims of the parties which correspond to this count are:

Widmayer:	Claims 1-12
Hess II (patent):	Claims 1-17
Hess II (reissue):	Claims 1-25

Hess II (Hess) U.S. Patent 4,507,569 issued March 26, 1985. On July 16, 1985 Widmayer copied claims 1-5 of the Hess patent into his application S.N. 571,830 as claims 8-12 for purposes of provoking an interference with Hess. This proceeding was declared on April 4, 1986 with count 1; claim 1 of Hess and claim 8 of Widmayer correspond exactly to the count. Hess was designated senior party on the basis of his earlier U.S. filing date.

On February 20, 1987 a decision on preliminary motions (Paper No. 40) was rendered by the Examiner-in-Chief (EIC). In that decision motions under 37 CFR 1.633 (c) to amend the interference by designating claims 6-17 of Hess and claims 1-7 of Widmayer as corresponding to the count and a motion under 37 CFR 1.633 (h) to add the aforementioned Hess reissue application to this proceeding were granted. In a paper of even date with the EIC's decision and in accord therewith, this interference was redeclared (Paper No. 41).

Both parties took testimony, filed briefs and appeared for the oral argument.

The U.S. Patent and Trademark Office records indicate that the Widmayer application is unassigned and that the Hess patent and reissue application are assigned to Conservolite, Inc.

Preliminary Matters

The motion of the party Hess filed May 23, 1988 titled MOTION UNDER 37 C.F.R. §1.683 FOR LEAVE TO USE IN INTERFERENCE PROCEEDING DEPOSITION TESTIMONY OF DON F. WIDMAYER AND ALEX W. CHIU FROM CIVIL ACTION NO. 86-753 (Paper No. 108) is unopposed and is granted for the reasons set forth therein.

The motion of the party Widmayer filed December 28, 1987 titled MOTION UNDER 37 C.F.R. § 1.683 FOR LEAVE TO USE IN INTERFERENCE DEPOSITION TESTIMONY OF JOHN E. HESS FROM CIVIL ACTION NO. 86-753 (Paper No. 71) is granted. Although Widmayer has not renewed his motion at final hearing as he should have (Paper No. 72), it is within the interest of justice to have all evidence considered pertinent by one or more of the parties before the Board and we have thus considered the motion under 37 CFR 1.655 (a)(5). Contrary to the position taken by Hess (Paper No. 79), the motion was not belatedly filed; Widmayer's period for completing testimony-in-chief was extended to expire January 1, 1988 (Paper No. 70). Whereas the senior party has filed no motion under 37 CFR 1.656(h) with his brief to suppress evidence, objections made by Hess in Paper No. 79 to the admissibility of this evidence are waived. 37 CFR 1.656(h).

In the motion filed April 13, 1989 (Paper No. 180), Hess " . . . renews its objections to Don F. Widmayer and Alex W. Chiu to be considered expert witnesses . . . ", noting that objection to consideration of Widmayer as an expert witness can be found at page 708 of the junior party's record (JR-708), lines 20 and 21, and a like objection with respect to Chiu can be found at JR-1536, lines 5-19. The objections are overruled. No factual basis is set forth by the senior party for his objections at the above parts of the record; he did not specifically question the qualifications of the witnesses, and it is considered that adequate foundation by knowledge, skill, experience, training and/or education is established by the junior party in his record to establish these witnesses as experts in the field to which this interference pertains. Fed. R. Evid. 702. (FRE 702).

Widmayer's Record

The record of the junior party Widmayer is to the following effect. Don F. Widmayer worked on the development of lighting controls for fluorescent lamps from about 1965 and as of

December, 1987 had been granted approximately 12 U.S. and 20 foreign patents in this field and had several U.S. and foreign patent application pending. On July 16, 1979 Widmayer, president of Controlled Environment Systems, Inc. (CESI), granted a patent license to Conservolite, Inc., the senior party Hess' assignee. That license is identified herein as Widmayer Exhibit 1 (WE-1); it concerns specific control apparatus for fluorescent lamps known as Energy Conserving Automatic Light Output technology (ECALO). ECALO technology is disclosed in the Widmayer patents identified herein as WE-2, 3 and 4. This technology embodies a control unit for varying the alternating current in the primary winding of a transformer ballast supplied from an AC voltage line source to control light output. The ECALO control unit includes a transistor control circuit operated synchronously with the voltage source for controlling the current to the ballast transformer fluorescent lamp load and a signal generator for providing signals to control the transistor control circuit. ECALO involves a transistor connected across the DC terminals of a rectifying diode bridge, the AC terminals of which are connected in series relationship to the ballast transformer primary winding and the AC line voltage.

At the time the aforementioned license agreement was entered into, John Hess, the senior party, was an employee of Conservolite and was hired by its founder, Robert Braumuller, as a technician to package as a product technology developed by Widmayer. Following the grant of the patent license Conservolite began the manufacture of control units for fluorescent lamp ballast transformer loads identified as *Conservolite I* and *Conservolite II* and paid royalties to CESI. During the period from 1979 through the winter of 1982-1983, Hess and other Conservolite personnel consulted with Widmayer on numerous occasions as Conservolite attempted to bring new light regulation systems to market. Such consultations are evidenced by WE-9 to 24.

On March 31, 1981 Widmayer gave Hess a copy of a circuit diagram dated "1/25/81"(WX-17) representing a new control circuit developed by Widmayer. That circuit differed from previous ECALO control circuits in that the timing signal for controlling the Darlington connected control transistors was derived from the AC terminals of the rectifying diode bridge connected to the primary winding of the ballast transformer, rather than from the AC voltage source power supply transformer. The timing signal for the control transistors no longer had a fixed time relationship to the AC power line voltage source as in the earlier ECALO but varied depending upon load characteristics.

Widmayer continued development work to further reduce heat dissipation caused by the control transistor(s) in its active region and the parasitic losses in the control power supply transformer connected to the AC line. In the winter and spring of 1980-1981, Widmayer drafted two patent applications identified herein as WE-25 and 26 relating to a new light regulation system he called Flexiwatt technology. WE-25, referred to by Widmayer as the "Lightamatic" application, discloses the connection of a capacitor in shunt with a synchronous switch and involves generating the timing signal for turning on a control transistor near the nominal zero crossover of the AC voltage across a capacitor connected across the AC terminals of a rectifier diode bridge element of the synchronous switch. The control circuit disclosed in the "Lightamatic" application (WE-25) was built in March, 1981 and tested in April and May, 1981.

On or about May 6, 1981 Widmayer reviewed his draft of the "Lightamatic" application (WE-25) with Mr. Ralph Metz in connection with a review of the basic Flexiwatt technology. Metz had worked with Widmayer as a colleague and technical consultant. A breadboard circuit was shown to Metz and its operation was explained and demonstrated to him. He observed current and voltage waveforms of the operating breadboard

model on an oscilloscope. About that time Metz reviewed the draft application (WE-25) and recommended specific changes. These changes are indicated by the marked up copy of the draft application (WE-41). On May 7, 1981 Metz signed and dated the marked up copy of the draft application at page 15.

During this same time period Widmayer applied a new timing circuit to an, ECALO model (ECALO V) and gave Conservolite personnel a confidential demonstration on May 26, 1981 as indicated in paragraph 2 of the Conservolite memorandum identified herein as WE-19. This exhibit was signed on page 2 by Widmayer and Conservolite President, Jack Peters. Paragraph 2 of the exhibit indicates Widmayer permitted John Hess to record circuit component values so he might make tests and possibly incorporate this new subject matter into the ECALO based Conservolite Model II product line.

On March 16, 1982 Widmayer granted to Conservolite a patent license known as the Flexiwatt License (WE-31). Under the ECALO and Flexiwatt license agreements (WE-1 and 31) Widmayer made confidential disclosures and gave instructions to Conservolite personnel, including its Chairman, Robert Randall, its President, Robert Braumuller and his successor Jack Peters, as well as John Hess. An example of such disclosure is Conservolite memorandum WE-19.

On or about March 16, 1982 John Hess visited the offices of CESI as is evidenced by the visit card record and the confidential disclosure agreement signed by him on March 16, 1982 (WE-21). Page 2 of WE-21 indicates discussion between Widmayer and Hess included Flexiwatt improvements and ideas on over current and on-off features. On this same day Jack Peters also visited CESI to execute the aforementioned Flexiwatt license WE-31. Hess also visited CESI on April 26, 1982 and on May 17 and 18, 1982 and was observed on May 17 and 18, 1982 as reading and studying Lightamatic and Flexiwatt files. In-

cluded in these files were the Lightamatic application (WE-25) and test data and waveforms derived from various prototypes.

Although John Hess denied ever having looked at or having studied Widmayer's application identified as WE-25 prior to his own alleged invention, Widmayer recalled specifically discussing this application with him sometime in the period March-May, 1982. Widmayer testified that on May 18, 1982 he taught John Hess that the turn-on switching transition losses of the early Flexiwatt unit could be reduced by varying the point in time at which the control transistor is turned on to a point where a lower voltage appeared across the capacitor connected across the AC terminals of the rectifying diode bridge of the synchronous switch and that a reduction in voltage across the capacitor was of substantial benefit in reducing the capacitor's stored energy that had to be dissipated in the transistor when it was turned on because the capacitor stored energy was voltage dependent.

Subsequent to November 16, 1982 Widmayer built a new prototype control circuit similar to the circuit of WE-52, which exhibit is dated at page 2 as November 16, 1982. The prototype was a modified Flexiwatt production model of CESI. It included the turn-on inhibit circuitry shown in the circled portion 2 of the exhibit but it had a control power transformer rather than the power supply of the illustrated circuit.

Widmayer demonstrated the modified Flexiwatt unit to Metz during his visit to the U.S. around Christmas of 1982. The demonstration was at Widmayer's office. At that time Widmayer and Metz discussed the development of the transistor turn-on timing circuitry. Widmayer and Metz made voltage and current measurements and observed waveforms on an oscilloscope associated with the shunt capacitor. They observed reduced voltages across the capacitor connected in shunt across the AC terminals of the rectifying diode bridge when the control transistor was switched on and this reduction in voltage reflected

a lowered level of stored energy in the capacitor which the control transistor had to dissipate at turn-on. According to Metz, an oscilloscope was utilized to observe signals at various points in the circuit. At page 626 of his testimony under cross-examination Metz testified at lines 12-16.

> . . . you could see the fact that the magnitude of the current transient was decreased by an order of magnitude, and the core relation (SIC) could be made with what point in the voltage across the capacitor turn on had happened.

At page 627 Metz testified to the effect that the oscilloscope display was very vivid and turn on of the control transistor was delayed until the capacitor voltage was relatively small, in which case the current spike was low.

Actual Reduction to Practice by Widmayer

As junior party whose patent application was copending with that of Hess, Widmayer has the burden of proving priority as to the count by a preponderance of the evidence. *Davis v. Reddy* 620 F.2d 885, 205 USPQ 1065 (CCPA 1980). We are of the opinion that the junior party is entitled to prevail herein in that he has established by a preponderance of the evidence that he actually reduced the invention to practice no later than January 1, 1983. The tests conducted by Widmayer and Metz around Christmas of 1982 establish that the intended beneficial effect of the improvement feature of the apparatus tested and as defined in the count was realized. *Landon v. Ginzton*, 214 F.2d 160, 102 USPQ 230 (CCPA 1954). For actual reduction to practice it is not necessary to establish any degree of perfection; all that is required is a demonstration of practical efficacy and utility. *Piher, S.A. v. CTS Corp.*, 664 F.2d 122, 212 USPQ 914 (7th Cir. 1981). With respect to arguments made by senior party, we note that the count does not require that the driver for applying power to an electrical load be in any particular envi-

ronment, that the load be any specific type of element or apparatus, or that the driver be capable of operating at plural voltage values, i.e., 120, 277 and 347 volts. When the intended use of an invention is not indicated in the count, as here, evidence demonstrating substantial utility for any purpose is enough to show reduction to practice. *Shurie v. Richmond*, 699 F. 2d 1156, 216 USPQ 1042 (Fed. Cir. 1983). The tests at issue here were of a Flexiwatt driver for a gas discharge lamp modified to include the improvement feature of the count and this use was in fact a specific, intended use of the invention by Widmayer. However, the invention here had broad application. The disclosure of Widmayer's involved application, and the disclosure of Hess, indicate that the invention is not limited to lighting control systems for gas discharge lamps but has general application to energy storing loads, which loads tend to produce transients when energizing voltage is applied to or removed therefrom (i.e., inductive and capacitive loads). Successful tests with any such load would have been sufficient to establish actual reduction to practice of the subject matter of the count. Thus, even if the circuit tested by the junior party had not been sufficient to establish actual reduction to practice of a lighting control driver, that fact would not have been fatal to Widmayer since his driver circuit included an inductive load in the form of a ballast.

Hess has challenged the credibility of the witness Widmayer at pages 62-72 of his brief and charges him with an attitude in this proceeding which is "fast and loose."[1] We find no merit to the challenge. A tribunal will not discredit entire depositions because of slight inconsistencies or indefiniteness, if the testimony of the witness as a whole and in conjunction with the other evidence in the case can be so reconciled as to

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[1] We find this charge ironic in that in his preliminary statement Hess alleged a date of first drawing of November 27, 1980 but now relies on a document identified as page 15 of Hess Exhibit 264 with a date of March 29, 1983, some two years and four months later.

establish its truth in respect of the governing facts upon which the case must turn. The test is, can the testimony of the witnesses as a whole be reconciled reasonably with the circumstances concerning which it is given. *McParland v. Beall*, 45 App. D.C. 162, 1916 C.D. 231 (1916). As to the testimony of Widmayer and Metz concerning the Christmas tests of 1982, that testimony is remarkably consistent. We find this especially significant in view of the fact that in his testimony as a whole, Metz was not hesitant to criticize development efforts made by Widmayer in the art; including those relating to the instant invention. However, in the final analysis - after participating in the Christmas tests with Widmayer - Metz was obviously convinced that the junior party had made a significant contribution in the art. It is noteworthy that Hess has not drawn attention to inconsistencies in Don Widmayer's testimony as to the Christmas, 1982 tests so as to impeach his testimony.[2] As to the testimony of the inventor Widmayer taken as a whole, Hess has not drawn attention to any inconsistencies in his testimony and relied on any rule of the Federal Rules of Evidence or case law which would lead us to conclude that any conduct of the inventor Widmayer to which he has drawn attention destroys Widmayer's credibility and impeaches him as a witness.

Abandonment, Suppression or Concealment by Widmayer

Hess takes the position that if Widmayer actually reduced the invention of the count to practice by April 21, 1981 as alleged in his brief, then an inference of abandonment, suppression or concealment of the invention under 35 USC 102 (g) arises against Widmayer due to his over 32 month delay to filing his

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[2] It appears that impeachment of Don Widmayer's testimony in this case would not have been fatal to the party Widmayer. As to priority, only an inventor's testimony cannot stand alone; no foundation other than the preliminary statement, is necessary to make the testimony of Metz legally competent as far as matters within his direct personal knowledge are concerned. *Borrer v. Herz*, 666 F.2d 569, 213 USPQ 19 (CCPA 1981).

application. Even if we had found that Widmayer established actual reduction to practice of the subject matter of the count by the above date, abandonment, suppression or concealment as alleged by Hess would not defeat Widmayer's case for priority since he is entitled to rely on renewed activity, i.e. his Christmas, 1982 tests establishing actual reduction to practice, prior to Hess' entry into the field. A long period of inactivity by a first inventor who resumes work on his invention before a second inventor enters the field, does not establish a fatal forfeiture for priority purposes. *Paulik v. Riskalla,* 760 F.2d 1270, 226 USPQ 224 (Fed. Cir. 1985); *Paulik v. Riskallas,* 796 F.2d 456, 230 USPQ 434 (Fed. Cir. 1986).

Derivation by the Party Hess

Although the junior party Widmayer is entitled to prevail on the basis that he was first to actually reduce the subject matter of the count to practice, we will discuss the charge of the junior party that the party Hess derived the invention from him prior to the March 29, 1983 date of conception alleged by Hess.

We are of the opinion that Widmayer has established by a preponderance of the evidence his charge that the party Hess derived the invention from him. It is well established that derivation is difficult to establish by direct evidence; it can generally only be established from the circumstances of a case. *Barnet v. Wied,* 195 F. 2d 311, 93 USPQ 161 (CCPA 1952); *Rinehart v. Gibson,* 39 App. D.C. 358, 1912 CD 573 (1912). Accordingly, the fact that there is no corroboration of a direct communication of the subject matter of the count from Widmayer to Hess is not controlling here. Rather, the circumstances of this case weigh so heavily in favor of Widmayer's position on the issue of derivation that we hold the matter as established as of May 18, 1982, by which time the subject matter of Widmayer's "Lightamatic" patent application draft (WE-25), his earliest conception document, was communicated to John Hess, the senior party.

The circumstances upon which our decision is based are as follows. Widmayer testified unequivocally that in the time period March-May, 1982 when Hess visited CESI on three separate occasions, he discussed the capacitor discharge turn on problem with Hess and how to turn-on timing of the "Lightamatic" application draft (WE-25) would solve this problem. Widmayer also testified that during this period WE-25 was turned over to Hess for his inspection and study. Although Hess denies having read, noted or studied the application draft at this time, he acknowledged the application draft may have been present in material furnished him by Widmayer. Hess acknowledged that at this time he was familiar with the term "Lightamatic", the term originally used by Widmayer in WE-25 to identify Flexiwatt apparatus.

Of the two inventors only Widmayer has testimony and documentation establishing entry into the field as early as April, 1981 (WE-25 dated 4/26/81) and development work on the invention into mid-March, 1983. Only after this extended period of activity by Widmayer, wherein Hess and others at Conservolite had numerous contacts with the junior party concerning fluorescent lamp control systems, did Hess generate a conception document of his own (Hess Exhibit 264 at page 15). Not only did Hess have ample opportunity to derive the invention, it was his responsibility - as a Conservolite employee whose function was to communicate with Widmayer on technology matters related to lamp control systems - to obtain technology from Widmayer and CESI on Conservolite's behalf.

Of the two inventors, Widmayer was the more likely to invent due to his prior experience in the art. *Barnet v. Wied*, supra. Prior to being hired by Conservolite's president, Robert Braumuller, Hess had no experience in the art. According to Braumuller's testimony, Hess was hired by him to package developments made by Widmayer. Widmayer was engaged by Conservolite to do the engineering development work. Further-

more, Braumuller testified that Widmayer was one of two recognized experts in this field; Hess was not the named second expert.

Lastly, the motive for acquiring Widmayer's invention by Conservolite through Hess is manifest -there would be no question of payment of further royalties to Widmayer under license agreement. *Rinehart v. Gibson,* , supra.

Hess' argument that WE-25 cannot be evidence of conception because its circuit (Figure VI) cannot work is unpersuasive. To clearly establish such a position charging inoperability, the senior party should have made inter-parties tests. The fact that there is testimony indicating that under certain conditions of operation, i.e. operation at high voltage levels, there might be some circuit instability resulting in some light flickering is not sufficient to establish the senior party's position. The count does not require operation of the invention at any specific voltages and operation at voltages other than in an upper range, i.e. 120 volts as opposed to 347 volts, would establish operability. Furthermore, the count does not require operation of the invention in a lighting system . As noted earlier herein, although use of the invention, in a lighting system may have been an intended use, it clearly was not the invention's only intended use.

In his brief at page 73 Hess charges that Braumuller is not a credible witness. We find no merit to the charge. At best it is considered that the record shows Braumuller held the senior party assignee in disdain. However, that is insufficient to disregard the Braumuller's testimony as a whole. In his testimony the witness affirmed that he was being truthful and in his brief the senior party has not drawn attention to any inconsistencies in Braumuller's testimony which might impeach him as a witness or to any matter which would suggest that Braumuller and Widmayer were collusive witnesses.

In view of our findings above concerning prior actual reduction to practice by Widmayer, derivation by Hess from the

junior party and related matters, discussion of further issues raised by the parties in this proceeding is unnecessary and judgment is entered hereinbelow.

Decision

Judgment as to the subject matter of count 1 in issue is hereby awarded to Don F. Widmayer, the junior party. On the present record the party Widmayer is entitled to a patent with claims 1-12 corresponding to the count whereas the party Hess II is not entitled to his patent with claims 1-17 or to a patent based on his reissue application with his claims 1-25.

Stanley M. Urynowicz, Jr.
Examiner in Chief

Board of Patent
Appeals and
Interferences

James R. Boler
Examiner-in-Chief

Jerry D. Craig
Examiner-in-Chief

28 U.S.C. § 1295

(a) The United States Court of Appeals for the Federal Circuit shall have exclusive jurisdiction -

(1) of an appeal from a final decision of a district court of the United States, the United States District Court for the District of the Canal Zone, the District Court of Guam, the District Court of the Virgin Islands, or the District Court for the Northern Mariana Islands, if the jurisdiction of that court was based, in whole or in part, on section 1338 of this title, except that a case involving a claim arising under any Act of Congress relating to copyrights, exclusive rights in mask works, or trademarks and no other claims under section 1338(a) shall be governed by sections 1291, 1292, and 1294 of this title;

(2) of an appeal from a final decision of a district court of the United States, the United States District Court for the District of the Canal Zone, the District Court of Guam, the District Court of the Virgin Islands, or the District Court for the Northern Mariana Islands, if the jurisdiction of that court was based, in whole or in part, on section 1346 of this title, except that jurisdiction of an appeal in a case brought in a district court under section 1346(a)(1), 1346(b), 1346(e), or 1346(f) of this title or under section 1346(a)(2) when the claim is founded upon an Act of Congress or a regulation of an executive department providing for internal revenue shall be governed by section 1291, 1292, and 1294 of this title;

(3) of an appeal from a final decision of the United States Claim Court;

(4) of an appeal from a decision of -

(A) the Board of Patent Appeals and Interferences of the Patent and Trademark Office with respect to patent applications and interferences, at the instance of an applicant for a patent or any party to a patent interference, and any such appeal shall waive the right of such applicant or party to proceed under section 145 or 146 of title 35;

(B) the Commissioner of Patents and Trademarks or the Trademark Trial and Appeal Board with respect to applications for registration of marks and other proceedings as provided in section 21 of the Trademark Act of 1946 (15 U.S.C. 1071); or

(C) a district court to which a case was directed pursuant to section 145 or 146 of title 35;

(5) of an appeal from a final decision of the United States Court of International Trade;

(6) to review the final determinations of the United States International Trade Commission relating to unfair practices in import trade, made under section 337 of the Tariff Act of 1930 (19 U.S.C. 1337);

(7) to review, by appeal on questions of law only, findings of the Secretary of Commerce under U.S. note 6 to subchapter X of chapter 98 of the Harmonized Tariff Schedule of the United States (relating to importation of instruments or apparatus);

(8) of an appeal under section 71 of the Plant Variety Protection Act (7 U.S.C. 2461);

(9) of an appeal from a final order or final decision of the Merit Systems Protection Board, pursuant to section 7703(b)(1) and 7703(d) of title 5;

(10) of an appeal from a final decision of an agency board of contract appeals pursuant to section 8(g)(1) of the Contract Disputes Act of 1978 (41 U.S.C. 607(g)(1));

(11) of an appeal under section 211 of the Economic Stabilization Act of 1970;

(12) of an appeal under section 5 of the Emergency Petroleum Allocation Act of 1973;

(13) of an appeal under section 506(c) of the Natural Gas Policy Act of 1978; and

(14) of an appeal under section 523 of the Energy Policy and Conservation Act.

(b) The head of any executive department or agency may, with the approval of the Attorney General, refer to the Court of Appeals for the Federal Circuit for judicial review any final decision rendered by a board of contract appeals pursuant to the terms of any contract with the United States awarded by that department or agency which the head of such department or agency has concluded is not entitled to finality pursuant to the review standards specified in section 10(b) of the Contract Disputes Act of 1978 (41 U.S.C. 609(b)). The head of each executive department or agency shall make any referral under this section within one hundred and twenty days after the receipt of a copy of the final appeal decision.

(c) The Court of Appeals for the Federal Circuit shall review the matter referred in accordance with the standards specified in section 10(b) of the Contract Disputes Act of 1978. The court shall proceed with judicial review on the administrative record made before the board of contract appeals on matters so referred as in other cases pending in such court, shall determine the issue

of finality of the appeal decision, and shall, if appropriate, render judgment thereon, or remand the matter to any administrative or executive body or official with such direction as it may deem proper and just.